

The **purpose of this survey** is to get an understanding of which issues are of highest priority for Task Force members and to solicit information that will help inform discussions and decisions. The results will be used to help prioritize the work of the Task Force.

There is a brief description of the intent of the regulation on each item as provided by the LCB. If you want more information we have provided a document with the relevant regulations.

(Regulations.current for potential change.v.1.doc) Please remember however, that you are not yet determining *how* or even *IF* the regulation will be recommended for change, but whether it should move forward for consideration, keeping in mind the timeframe available to the Task Force.

**INSTRUCTIONS:** For each item, fill out the appropriate boxes. Electronically, put your cursor over the box and left-click on ONE box for each question to check the box for your preference. [HINT: The text is locked to allow only the checking of a box or inserting text into comment areas. If you hit your “tab” button, it will take you to the next area that is editable.]

If you indicate “YES” that an item should be considered for change/further discussion you will be asked for your priority on most items. **Please try to limit “High” priorities to 5 items or fewer, and “Medium” to 5 items or fewer.** This will help us organize the list for prioritizing by votes later. Low priorities will not necessarily fall off the list. If everyone answers “NO” an item should not be considered for change on any item, those items will be finalized in a vote, but would not be considered further if that is the agreement of the Task Force.

**In the appropriate comment areas (light blue shaded),** put your cursor in the blue area and type. Please keep your response brief (*We* have to compile them all and *you* have to read them all.) If the reasons have been previously discussed in the group, a very brief response will help reference the previous discussion so a detailed response is not necessary.

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Please include your name here.

**Task Force Member Name:**                     

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## 1. Advertising regulations

**Reference** for current law/rule/practice: RCW 66.08.060; WAC 314-52; 314-11-085; 314-18-040(8); LCB Policy #1-02; LCB Policy #\_\_ [Advertising v. Information for the Purpose of Determining the Extension of Money's Worth]; LCB Policy #1-05; 27 CFR 4.65; 27 CFR 6; 27 CFR 7.55

State's **intended purpose** for the current law/rule/practice (as identified by the LCB): RCW 66.08.060 authorizes LCB to adopt reasonable regulations as to the kind, character and location of advertising of liquor. Two purposes: (1) consumer protection, (2) tied house statute compliance.

In the tied house statute (RCW 66.28.010), two specific exceptions allow for advertising items to be provided from manufacturers to retailers (point of sale and special occasion licensed events). Advertising items not specifically authorized by statute, are considered "money's worth" under the tied house statute. Example: A brewer buys newspaper advertising for a tavern's event. The ad draws customers into the tavern, with expected increased sales. The direct benefit to the tavern licensee is no cost for the ad; the indirect benefit is increased sale to the tavern if there are more sales. This benefit provides more incentive to the tavern owner to sell more of this brewer's product (compared to brewer's competitors), or exclusive sale of the product, or selling this brewer's product at lower price to encourage consumer consumption.

Consumer protection regulations (WAC 314-52) are intended to prohibit ads that are misleading or false, that appeal to children, some outdoor advertising (proximity to playfield, church or school if administrative body objects), that promote over-consumption (offer 2 for the price of one), selling below cost.

1. Does the practice of this item **effectively support its intended purpose**?

☐ Yes ☐ No ☐ Don't Know

Comments: [REDACTED]

2. Do the **current** regulations **negatively impact**:

**a. Your business?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

If yes, *briefly* explain how? [REDACTED]

**b. Consumers?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how? [REDACTED]

**c. Society?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how? [REDACTED]

**d. State resources?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how? [REDACTED]

3. Should this item be ***considered*** for change?

☐ Yes      ☐ No (it should remain as is)

**If Yes**, what is the **priority**?

☐ High

☐ Medium

☐ Low

Comments: [REDACTED]

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## 2. Anti-competition regulations

**Reference** for current law/rule/practice: RCW 66.28.010; 66.28.170; 66.28.180; 66.28.190; WAC 314-12-140; 314-12-145; 314-13-015; 314-13-020; 314-13-040; 314-11-085; 314-20-070; 314-20-090; 314-20-100; 314-24-190; 314-24-210; 27 CFR parts 6, 8,10,11

State's **intended purpose** for the current law/rule/practice (as identified by the LCB): Avoidance of pressure on any one industry (producers, distributors, or retailers) from another that would cause collusion or result in unfair advantages or disadvantages that may result in over-consumption or increased access by minors.

1. Does the practice of this item **effectively support its intended purpose**?

☐Yes      ☐No      ☐Don't Know

Comments: [REDACTED]

2. Do the **current** regulations **negatively impact**:

**a. Your business?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

If yes, *briefly* explain how? [REDACTED]

**b. Consumers?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how? [REDACTED]

**c. Society?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how? [REDACTED]

**d. State resources?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how? [REDACTED]

3. Should this item be **considered for change**?

☐Yes      ☐No (it should remain as is)

If **Yes**, what is the **priority**? ☐High      ☐Medium      ☐Low

Comments: [REDACTED]

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### 3. Tied House

**General historical intent** of the tied house law (as identified by the LCB): Prevent control of the retailer by manufacturer.

**Intended purpose:** Avoidance of pressure on any one industry (producers, distributors, or retailers) from another that would cause collusion or result in unfair advantage or disadvantages that may result in over-consumption or increased minors' access.

Key language: "No manufacturer, importer, distributor, . . shall have any financial interest, direct or indirect, in any license business." "no manufacturer, importer, distributor shall advance moneys or moneys' worth to a licensed person under an arrangement. . ."

- "direct" financial interest means ownership
- "indirect financial interest includes landlord-tenant relationship, contractual arrangement
- Moneys means cash
- Moneys' worth means anything of benefit to a retailer; the item need not be of value to the customer.

More than 30 statutory exceptions have been made over the years.

Examples of what is NOT permitted: Manufacturer/distributor gives restaurant owner t-shirts. Restaurant can use items to give to customers as prizes or giveaways (which could induce sales). Or, manufacturer provides its employees to conduct promotional activity (such as a hoop-shoot contest to draw in customers); use of manufacturer employees' lowers restaurant's business costs.

**3.a. Tied House/Money's worth/Trade practices - Money's worth provisions**

**Reference** for current law/rule/practice: RCW 66.28.010; 66.28.040; 66.28.042; 66.28.043; 66.28.150; 66.28.155; 66.28.190; 66.28.170; WAC 314-12-140; 314-12-145; 314-13-020; 314-52-040; 314-52-080; 314-52-085; 314-52-090; 314-52-113; 27 CFR parts 6, 8, 10, 11

State's **intended purpose** for the current law/rule/practice (as identified by the LCB):

Key phrases from the tied house statute (RCW 66.28.010) related to prohibited practices: 1) "direct or indirect" 2) "influence over retailer" 3) Advance of money or money's worth.

Examples of what is NOT permitted: Manufacturer/distributor gives restaurant owner t-shirts. Restaurant can use items to give to customers as prizes or giveaways (which could induce sales), or manufacturers provide their employees to conduct promotional activity (such as a hoop-shoot contest to draw in customers); use of manufacturer employees' lowers restaurant's business costs.

1. Does the practice of this item **effectively support its intended purpose**?

☐Yes ☐No ☐Don't Know

Comments:

2. Do the **current** regulations **negatively impact**:

**a. Your business?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

If yes, *briefly* explain how?

**b. Consumers?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how?

**c. Society?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how?

**d. State resources?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how?

3. Should this item be **considered for change**?

☐Yes ☐No (it should remain as is)

If **Yes**, what is the **priority**? ☐High ☐Medium ☐Low

Comments:

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**3.b. Tied House/Money's worth/Trade practices - Prohibition of ownership interest between producers and retailers**

**Reference** for current law/rule/practice: RCW 66.28.010; 27 CFR 6

State's **intended purpose** for the current law/rule/practice (as identified by the LCB): Core assumption that the manufacturer should not have access to consumers.

Under the current system, in general only the retail tier can sell to consumers. Consequently, liquor manufacturers and distributors do not have direct access to consumers (in general).

Ownership interests means financial interest in the form (a) least 10% interest in the business entity, (b) land-lord tenant (c) trademark owner, (d) contract arrangements that involve money or money's worth.

If they cannot have direct financial interest, the supplier cannot control the retailer.

If they have financial interest, then they can control what happens on the premises and have direct access to consumers. Because of the competitive nature of the business, suppliers are always thinking of new ways to access the consumers through promotional activities.

1. Does the practice of this item **effectively support its intended purpose**?

☐Yes ☐No ☐Don't Know

Comments:

2. Do the **current** regulations **negatively impact**:

**a. Your business?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

If yes, *briefly* explain how?

**b. Consumers?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how?

**c. Society?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how?

**d. State resources?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how?

3. Should this item be **considered for change**?

☐Yes ☐No (it should remain as is)

If Yes, what is the **priority**? ☐High ☐Medium ☐Low

Comments:

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### 3.c. Tied House/Money's worth/Trade practices - **Return on damaged goods**

**Reference** for current law/rule/practice: WAC 314-20-070; 314-24-210; 27 CFR 11

State's **intended purpose** for the current law/rule/practice (as identified by the LCB): WAC 314-20-070 (beer) and WAC 314-24-210 (wine) *do* allow for return of "not in saleable condition" to the distributor from which the retailer purchased. "Not in a saleable condition" would include damaged or spoiled products. There is no time limit.

Unless permitted as stated above, retail licensee cannot "return" product to the distributor. If a bottle of wine was damaged by the retailer (or employee or customer), the distributor is not required to "replace" it with a new bottle at no-cost to the retailer. If this were allowed, it would be considered giving "money's worth" to the retailer by the distributor. The intended purpose is to prevent giving of "money's worth" to the retailer by the distributor.

1. Does the practice of this item **effectively support its intended purpose**?

☐Yes      ☐No      ☐Don't Know

Comments: [REDACTED]

2. Do the **current** regulations **negatively impact**:

**a. Your business?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

If yes, *briefly* explain how? [REDACTED]

**b. Consumers?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how? [REDACTED]

**c. Society?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how? [REDACTED]

**d. State resources?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how? [REDACTED]

3. Should this item be **considered for change**?

☐Yes      ☐No (it should remain as is)

If **Yes**, what is the **priority**?      ☐High      ☐Medium      ☐Low

Comments: [REDACTED]

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#### 4. Price related controls

**General intended purposes** (as identified by the LCB): Prevent access to cheap beer / wine. This is achieved by various regulations that prevent alcohol from being used as loss leader by retail licensees who sell to consumers.

Provide a “level playing field” which assures a particular product is sold at the same price to all retailers from the distributor / producer. Without a level playing field, there is greater incentive for the retailer with higher costs to go outside the system to buy the product cheaper.

Considered separately or as a whole, the general purpose and effect is to assure that the beer / wine is reasonably available to consumers at reasonable prices, while making it more difficult than it would otherwise be to sell them at prices so low as to encourage excessive or abusive consumption.

**General intended effect:** On average, prices of beer and wine in Washington are higher than they would be without the regulations below.

**4.a. Price related controls - Uniform pricing**

**Reference** for current law/rule/practice: RCW 66.28.170; 66.28.180; WAC 314-20-100; 314-24-190

State's **intended purpose** for the current law/rule/practice (as identified by the LCB):

This means every distributor purchasing from a particular producer pays the same price for a particular product; and every customer (retailer) of a particular distributor pays the same price for a particular product.)

Intended purposes: (1) prevent collusion between supplier and retailer, which could result in exclusive arrangements to sell certain products, (2) reduce influence of the supplier over the retailer (3) ensure level playing field (so small retailer gets same price as large retailers), (4) prevent feared effects of a free market (cheap beer/wine and more drunks), (5) discourage illegal trafficking in beer / wine.

1. Does the practice of this item **effectively support its intended purpose**?

☐Yes ☐No ☐Don't Know

Comments:

2. Do the **current** regulations **negatively impact**:

**a. Your business?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

If yes, *briefly* explain how?

**b. Consumers?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how?

**c. Society?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how?

**d. State resources?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how?

3. Should this item be **considered for change**?

☐Yes ☐No (it should remain as is)

If **Yes**, what is the **priority**? ☐High ☐Medium ☐Low

Comments:

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**4.b. Price related controls - Price posting and hold**

**Reference** for current law/rule/practice: RCW 66.28.180(2); 66.28.180(3); WAC 314-24-190; 314-20-100

State's **intended purpose** for the current law/rule/practice (as identified by the LCB):  
The LCB maintains an electronic system that producers and distributors use. All prices become effective at the same time (the first day of the month), and all prices must be held for the entire month. Licensees cannot view competitors' postings until the prices become effective. Because the prices must be held for one month, licensees cannot immediately adjust prices in response to a competitor's posting. There are 250,000 – 300,000 postings each month.

Intended purposes: Makes the bans on quantity discounts, credit sales, and uniform pricing easier to enforce and more difficult to evade. Prevents price wars that could result in lower beer / wine prices.

1. Does the practice of this item **effectively support its intended purpose**?

☐Yes ☐No ☐Don't Know

Comments: [REDACTED]

2. Do the **current** regulations **negatively impact**:

**a. Your business?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

If yes, *briefly* explain how? [REDACTED]

**b. Consumers?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how? [REDACTED]

**c. Society?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how? [REDACTED]

**d. State resources?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how? [REDACTED]

3. Should this item be **considered for change**?

☐Yes ☐No (it should remain as is)

If **Yes**, what is the **priority**? ☐High ☐Medium ☐Low

Comments: [REDACTED]

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**4.c. Price related controls - Mandatory minimum 10% price mark-up**

**Reference** for current law/rule/practice: RCW 66.28.180(2)(d); 66.28.180(3)(b)

State's **intended purpose** for the current law/rule/practice (as identified by the LCB): Prevent beer/ wine from being used as a loss leader by selling below cost. Producers must mark up at least 10% above their production costs. Distributors must mark up at least 10% above their acquisition cost.

1. Does the practice of this item **effectively support its intended purpose**?

☐Yes      ☐No      ☐Don't Know

Comments:

2. Do the **current** regulations **negatively impact**:

**a. Your business?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

If yes, *briefly* explain how?

**b. Consumers?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how?

**c. Society?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how?

**d. State resources?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how?

3. Should this item be **considered for change**?

☐Yes      ☐No (it should remain as is)

If **Yes**, what is the **priority**?      ☐High      ☐Medium      ☐Low

Comments:

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#### 4.d. Price related controls - **Quantity discounts prohibited**

**Reference** for current law/rule/practice: RCW 66.28.180(2)(d); 66.28.180(3)(b); WAC 314-12-140(3)

State's **intended purpose** for the current law/rule/practice (as identified by the LCB): Supports the uniform pricing regulation. See also intended purposes for uniform pricing.

Example: A deal by producer / distributor to give 100 cases free if 100 cases purchased by retailer.

1. Does the practice of this item **effectively support its intended purpose**?

☐Yes      ☐No      ☐Don't Know

Comments: [REDACTED]

2. Do the **current** regulations **negatively impact**:

**a. Your business?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

If yes, *briefly* explain how? [REDACTED]

**b. Consumers?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how? [REDACTED]

**c. Society?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how? [REDACTED]

**d. State resources?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how? [REDACTED]

3. Should this item be **considered for change**?

☐Yes      ☐No (it should remain as is)

If **Yes**, what is the **priority**?      ☐High      ☐Medium      ☐Low

Comments: [REDACTED]

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**4.e. Price-related controls - Delivered pricing from distributors to retailers**

**Reference** for current law/rule/practice: RCW 66.28.180(2)(h)(ii)

State's **intended purpose** for the current law/rule/practice (as identified by the LCB): Supports the uniform pricing regulation. Also see intended purposes for uniform pricing.

The price paid by a retailer for a product is the same whether the distributor delivers it to the retailer or the retailer picks it up from the distributor.

1. Does the practice of this item **effectively support its intended purpose**?

☐Yes ☐No ☐Don't Know

Comments:

2. Do the **current** regulations **negatively impact**:

**a. Your business?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

If yes, *briefly* explain how?

**b. Consumers?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how?

**c. Society?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how?

**d. State resources?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how?

3. Should this item be **considered for change**?

☐Yes ☐No (it should remain as is)

If **Yes**, what is the **priority**? ☐High ☐Medium ☐Low

Comments:

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**4.f. Price related controls - COD requirements for retailers**

**Reference** for current law/rule/practice: RCW 66.28.010; WAC 314-20-090; 314-13-015; 314-13-020; 314-12-140(3); 27 CFR 6 [non-applicable products and credit exceptions: RCW 66.28.190; WAC 314-12-140(7); 314-52-080(3)]

State's **intended purpose** for the current law/rule/practice (as identified by the LCB): (1) Keeps retailers independent from distributors; (2) prevents manipulation between tiers by use of quantity discounts, (3) prevents relationships and incentives leading to exclusivity. Prevents any form of credit for beer / wine between distributors and retailers.

1. Does the practice of this item **effectively support its intended purpose**?

☐Yes ☐No ☐Don't Know

Comments:

2. Do the **current** regulations **negatively impact**:

**a. Your business?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

If yes, *briefly* explain how?

**b. Consumers?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how?

**c. Society?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how?

**d. State resources?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how?

3. Should this item be **considered for change**?

☐Yes ☐No (it should remain as is)

If Yes, what is the **priority**? ☐High ☐Medium ☐Low

Comments:

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**5.a. Three-Tier / General Licensing - Mandatory use of distributors**

**Reference** for current law/rule/practice: RCW 66.24.360(5)(a); RCW 66.28.070; WAC 314-13-010.

State's **intended purpose** for the current law/rule/practice (as identified by the LCB): Intended purposes (pre-2SSB 6823), were (1) to control the flow of alcohol into the state, (2) to support efficient tax collection, (3) to facilitate administrative inspection / examination of product by limiting the entry-point for products sold in WA to the distributor located within the state.

1. Does the practice of this item **effectively support its intended purpose**?

☐Yes      ☐No      ☐Don't Know

Comments: [REDACTED]

2. Do the **current** regulations (including the new provisions in 2SSB 6823) **negatively impact**:

**a. Your business?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

If yes, *briefly* explain how? [REDACTED]

**b. Consumers?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how? [REDACTED]

**c. Society?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how? [REDACTED]

**d. State resources?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how? [REDACTED]

3. Should this item be **considered for change**?

☐Yes      ☐No (it should remain as is)

If Yes, what is the **priority**?      ☐High      ☐Medium      ☐Low

Comments: [REDACTED]

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**5.b. Three-Tier / General Licensing - Impacts of Provisions in 2SSB 6823**

Reference: 2SSB 6823 Bill Summary, text of 2SSB 6823, summary of changes the bill initiates, and changes to RCW 66.24.206; 66.24.210; 66.24.290; 66.24.270; 66.24.290; 66.28.180 (changes are included in the text of the bill).

State's **intended purpose** for the **revised** law/rule/practice (as identified by the Legislative Bill Summary): To comply with a federal court ruling: "On December 21, 2005, in matter of Costco Wholesale Corp. v. Roger Hoen, et al., federal district court judge Marsha Pechman rules that Washington's statute permitting in-state wineries and breweries to distribute their own products to in-state retailers while not allowing out-of-state wineries and breweries to do the same was unconstitutional as a violation of the Commerce Clause of the United States Constitution. Judge Pechman stayed her order until April 14, 2006, to allow the Legislature to take action." (Final Bill Report)

State's **intended purpose** for the revised law/rule/practice (as identified by the LCB): (1) retain self-distribution privilege of in-state wineries/breweries, and (2) to ensure accurate tax collection with reporting requirements for the shipping producer and receiving retailer.

1. This change will not be implemented until July 2006, therefore impacts cannot be assessed at this time. However, the Legislature also directed the Task Force to analyze *implications* of this act.

2. Do you believe the modified regulation will **negatively impact**:

**a. Your business?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

If yes, *briefly* explain how?

**b. Consumers?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how?

**c. Society?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how?

**d. State resources?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how?

3. Do you have suggestions for how impacts can/should be measured once there is experience with the implementation of the changes?

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**5.c. Three-Tier / General Licensing - Foreign import distribution regulations (no direct shipment)**

**Reference** for current law/rule/practice: RCW 66.24.206(1)(c); 66.24.270(2)(c); WAC 314-20-140; 314-20-145; 314-20-160; 314-24-120; 314-24-115

State's **intended purpose** for the current law/rule/practice (as identified by the LCB): to (1) control the flow of alcohol into the state, (2) support efficient tax collection, (3) facilitate administrative inspection / examination of product by limiting the entry-point for products sold in WA to the distributor located within the state. 2SSB 6823 did NOT expand the self-distribution privilege to out-of-state non-producers who sell foreign products or other US-produced wine/beer because this was not necessary to comply with Judge Pechman's decision on the direct shipment issue.

1. Does the practice of this item **effectively support its intended purpose**?

☐ Yes      ☐ No      ☐ Don't Know

Comments: [REDACTED]

2. Do the **current** regulations **negatively impact**:

**a. Your business?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

If yes, *briefly* explain how? [REDACTED]

**b. Consumers?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how? [REDACTED]

**c. Society?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how? [REDACTED]

**d. State resources?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how? [REDACTED]

3. Should this item be **considered for change**?

☐ Yes      ☐ No (it should remain as is)

If Yes, what is the **priority**?      ☐ High      ☐ Medium      ☐ Low

Comments: [REDACTED]

\*\*\*\*\*

**5.d. Three-Tier / General Licensing - Prohibition on retail-to-retail distribution**

**Reference** for current law/rule/practice: RCW 66.28.070(2); WAC 314-13-010

State's **intended purpose** for the current law/rule/practice (as identified by the LCB): to support separation of the tiers under the current 3-tier system.

1. Does the practice of this item **effectively support its intended purpose**?

☐ Yes      ☐ No      ☐ Don't Know

Comments:

2. Do the **current** regulations **negatively impact**:

**a. Your business?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

If yes, *briefly* explain how?

**b. Consumers?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how?

**c. Society?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how?

**d. State resources?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how?

3. Should this item be **considered for change**?

☐ Yes      ☐ No (it should remain as is)

If **Yes**, what is the **priority**?      ☐ High      ☐ Medium      ☐ Low

Comments:

\*\*\*\*\*

**5.e. Three-Tier / General Licensing - Prohibition on sampling in grocery stores / sampling at on-premises licensees**

**Reference** for current law/rule/practice: RCW 66.24.360; WAC 314-02-100(1) [ grocery]  
(sampling allowed under 27 CFR 6.95)

State's **intended purpose** for the current law/rule/practice (as identified by the LCB): to reduce minor access and to prevent misuse. Currently, beer/wine specialty shops (approx. 300) have restricted sampling privileges. There are 4,645 grocery stores statewide. Children and minors go to grocery stores more than beer/wine specialty shops. By limiting sampling to specialty stores, we are also limiting access of free liquor to those who suffer from alcoholism.

1. Does the practice of this item **effectively support its intended purpose**?

☐Yes      ☐No      ☐Don't Know

Comments:

2. Do the **current** regulations **negatively impact**:

**a. Your business?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

If yes, *briefly* explain how?

**b. Consumers?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how?

**c. Society?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how?

**d. State resources?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how?

3. Should this item be **considered for change**?

☐Yes      ☐No (it should remain as is)

If **Yes**, what is the **priority**?      ☐High      ☐Medium      ☐Low

Comments:

\*\*\*\*\*

**5.f. Three-Tier / General Licensing - Prohibition on central warehousing.**

**Reference** for current law/rule/practice: RCW 66.28.180(2)(h)(i)

State's **intended purpose** for the current law/rule/practice (as identified by the LCB): to control the flow of alcohol by requiring direct delivery from supplier to retail premises where the beer/wine is sold. This also facilitates administrative inspection and enforcement when necessary for LCB staff to monitor product.

All deliveries of beer / wine must be made directly to the premises from which sales to consumers are to be made rather than a single warehouse from which a retailer could supply multiple retail outlets.

1. Does the practice of this item **effectively support its intended purpose**?

☐Yes      ☐No      ☐Don't Know

Comments: [REDACTED]

2. Do the **current** regulations **negatively impact**:

**a. Your business?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

If yes, *briefly* explain how? [REDACTED]

**b. Consumers?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how? [REDACTED]

**c. Society?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how? [REDACTED]

**d. State resources?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how? [REDACTED]

3. Should this item be **considered for change**?

☐Yes      ☐No (it should remain as is)

If **Yes**, what is the **priority**?      ☐High      ☐Medium      ☐Low

Comments: [REDACTED]

\*\*\*\*\*

**5.g. Suggestion to add - Restrictions on product placement in grocery stores**

**Reference** for current law/rule/practice: No current rule

One interview group (prevention/treatment) suggested that in the interest of making alcohol less tempting to youth, it should be placed separately from non-alcohol drinks.

1. Do you believe this is an issue? (lack of prioritized focus on misuse and tax issues)

☐Yes      ☐No      ☐Don't Know

Comments:

2. Should this item be ***considered*** for further discussion?

☐Yes      ☐No (it should remain as is)

**If Yes**, what is the **priority**?

☐High

☐Medium

☐Low

Comments:

\*\*\*\*\*

**6.a. Regulatory strategy / emphasis - Criteria for consideration in developing regulations and for interpretation of regulations**

Many interview participants stated there should be specific criteria or guidance used in developing regulations and interpreting them that would provide a more consistent and workable system.

1. Do you believe this is an issue?

☐Yes      ☐No      ☐Don't Know

Comments: [REDACTED]

2. Should this item be ***considered*** for further discussion?

☐Yes      ☐No (it should remain as is)

**If Yes**, what is the **priority**?      ☐High      ☐Medium      ☐Low

Comments: [REDACTED]

\*\*\*\*\*

**6.c. Regulatory strategy / emphasis - Priority of enforcement resources**

This item came up repeatedly in interviews/focus groups. The theme was that LCB enforcement resources should be prioritized on regulations directly controlling the misuse of alcohol and tax collection (such as licensing, minor access, serving restrictions) not on the money's worth issues that seem small in comparison to misuse or tax evasion, especially if resources are sparse (see 6.d).

1. Do you believe this is an issue? (lack of prioritized focus on misuse and tax issues)

☐Yes      ☐No      ☐Don't Know

Comments: [REDACTED]

2. Should this item be ***considered*** for further discussion?

☐Yes      ☐No (it should remain as is)

**If Yes**, what is the **priority**?      ☐High      ☐Medium      ☐Low

Comments: [REDACTED]

\*\*\*\*\*

**6.d. Regulatory strategy / emphasis - Lack of enforcement resources**

Many interview participants stated that there are not sufficient enforcement resources to enforce the regulations consistently.

1. Do you believe this is an issue?

☐Yes      ☐No      ☐Don't Know

Comments: [REDACTED]

2. Should this item be ***considered*** for further discussion?

☐Yes      ☐No (it should remain as is)

**If Yes**, what is the **priority**?

☐High

☐Medium

☐Low

Comments: [REDACTED]

\*\*\*\*\*

**6.e. Regulatory strategy / emphasis - Abundance of paperwork**

Many interviewees stated there is too much paperwork required in general and there should be an initiative to reduce paperwork, automate more and streamline processes.

1. Do you believe this is an issue?

☐Yes      ☐No      ☐Don't Know

Comments: [REDACTED]

2. Should this item be ***considered*** for further discussion?

☐Yes      ☐No (it should remain as is)

**If Yes**, what is the **priority**?

☐High

☐Medium

☐Low

Comments: [REDACTED]

\*\*\*\*\*



### 6.f. Regulatory strategy / emphasis - **Lack of impact measures**

The LCB and some interview participants indicated that there is a lack of measures available to determine if LCB regulations are working or not, and what impact they have on the industry, consumers, society and state resources.

1. Do you believe this is an issue?

☐Yes      ☐No      ☐Don't Know

Comments: [REDACTED]

2. Should this item be ***considered*** for further discussion?

☐Yes      ☐No (it should remain as is)

**If Yes**, what is the **priority**?

☐High

☐Medium

☐Low

Comments: [REDACTED]

\*\*\*\*\*

### 6.g. Regulatory strategy / emphasis - **General regulation complexity, language and relevancy**

Many interviewees stated that the LCB statutes and rules are overly complex, the language is often hard to understand and some of the regulations are no longer relevant in today's environment. Most of these people stated that a comprehensive re-write of the regulations would help reduce complexity, increase understanding (and potentially compliance), and eliminate regulations that are no longer relevant.

1. Do you believe this is an issue?

☐Yes      ☐No      ☐Don't Know

Comments: [REDACTED]

2. Should this item be ***considered*** for further discussion?

☐Yes      ☐No (it should remain as is)

**If Yes**, what is the **priority**?

☐High

☐Medium

☐Low

Comments: [REDACTED]

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### 7.a. LCB role/focus - **Rules for LCB retailing (not equitable with other retailers)**

State's **intended purpose** for the current law/rule/practice (as identified by the LCB): The 1969 California Wine Act allowed grocery stores the ability to sell wine other than Washington wines. In 1980's & 1990's, LCB wine sales in its retail stores provided emerging WA wine industry access to the market. Because LCB is not a licensed entity, it is not subject to the same requirements and regulations imposed on private sector licensees.

1. Does the practice of this item **effectively support its intended purpose**?

☐Yes      ☐No      ☐Don't Know

Comments: [REDACTED]

2. Do the **current** regulations **negatively impact**:

**a. Your business?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

If yes, *briefly* explain how? [REDACTED]

**b. Consumers?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how? [REDACTED]

**c. Society?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how? [REDACTED]

**d. State resources?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how? [REDACTED]

3. Should this item be **considered for change**?

☐Yes      ☐No (it should remain as is)

If **Yes**, what is the **priority**?      ☐High      ☐Medium      ☐Low

Comments: [REDACTED]

\*\*\*\*\*

**7.b. LCB role/ focus - LCB in competition with other retailers by selling beer and wine**

State's **intended purpose** for the current law/rule/practice (as identified by the LCB): The 1969 California Wine Act allowed grocery stores the ability to sell wine other than Washington wines. In 1980's & 1990's, LCB wine sales in its retail stores provided emerging WA wine industry access to the market.

1. Does the practice of this item **effectively support its intended purpose**?

☐Yes      ☐No      ☐Don't Know

Comments:

2. Do the **current** regulations **negatively impact**:

**a. Your business?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

If yes, *briefly* explain how?

**b. Consumers?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how?

**c. Society?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how?

**d. State resources?** Yes ☐ No ☐ N/A ☐ Don't Know ☐

\*If yes, *briefly* explain how?

3. Should this item be **considered for change**?

☐Yes      ☐No (it should remain as is)

If **Yes**, what is the **priority**?      ☐High      ☐Medium      ☐Low

Comments:

\*\*\*\*\*

**SUBMISSION INSTRUCTIONS:**

1. Double-check your votes to ensure the correct boxes are checked.
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3. Send email with your finished document attached to Sterling Associates: [JillS@sterling-llp.com](mailto:JillS@sterling-llp.com) **NO LATER THAN** close of business **Friday, June 2**. If you can get them to us earlier please send them in. If you are not going to participate please also let us know via email as soon as possible so we are not expecting your document.
4. **We would much prefer emailed electronic copies** so we can cut and paste your comments for the compiled version. If there is no way you can email the survey, please let us know via email and then mail with sufficient postage **no later than Wednesday May 31**. Mail to Jill Satran, Sterling Associates, LLP 4820 Yelm Hwy SE, Suite B-PMB 148, Lacey, WA 985003

THANK YOU!!